

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 TAR-02 CIEP-02 CEA-02 MC-02

EB-11 COME-00 TRSE-00 L-03 ACDA-19 STR-08 OMB-01

PM-07 NSC-10 SPC-03 SS-20 RSC-01 CIAE-00 INR-10

NSAE-00 DODE-00 NEA-10 EA-11 AF-10 ARA-16 DRC-01 /175 W
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P R 021716Z OCT 73

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC PRIORITY 5965

INFO AMEMBASSY PARIS

LIMITED OFFICIAL USE SECTION 1 OF 2 EC BRUSSELS 6238

E. O. 11652 NA

TAGS: EC DRAFT REGULATION ON SUSPENSION OF TARIFFS
ON AIRCRAFT PRODUCTS

REF: A) EC BRUSSELS A-45, FEBRUARY 6, 1973
B) EC BRUSSELS 235

1. SUMMARY. WHEN THE EC COUNCIL APPROVED THE
EXTENSION OF THE SUPPENSION OF TARIFFS ON IMPORTS OF
AIRCRAFT AND PARTS IN DECEMBER 1972 IT DIRECTED THE
EC COMMISSION TO REVIEW THE LISTS OF SUSPENSIONS (SEE
REFTEL B). THE COMMISSION ON OCT 1 SUBMITTED A
DRAFT REGULATION TO THE COUNCIL WITH
REGARD TO THE DUTY SUSPENSION LIST ON AIRCRAFT PARTS.
THE PERMREPS HAVE BEEN CONSIDERING THE DRAFT
REGULATION AND THE NEXT MEETING WILL TAKE PLACE ON
NOVEMBER 12. WE UNDERSTAND IT IS LIKELY TO BE ACCEPTED
IN ITS PRESENT FORM. (COPY SENT TO EUR/RPE ATTN: ALBRECHT)
THE DRAFT SUBSTANTIALLY PREVISES THE LIST OF DUTY
SUSPENSIONS ON ITEMS FOR MAINTENANCE OR REPAIR OF
LARGE AIRCRAFT BY TREATING PRE-JANUARY 1, 1974
CERTIFIED AIRCRAFT AND POST-JANUARY 1, 1974 CERTIFIED
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AIRCRAFT BUILT IN THE COMMUNITY DIFFERENTLY. MANY

ITEMS ARE ADDED TO THE SUSPENSION LIST FOR THE FORMER CATEGORY (AIRCRAFT IN SERVICE) AND REMOVED FROM THE SUSPENSION LIST FOR THE LATTER CATEGORY (FUTURE EUROPEAN AIRCRAFT). THE MISSION IS NOT IN A POSITION TO DETERMINE IF ON BALANCE THE RESULTS FROM THE US POINT OF VIEW ARE POSITIVE OR NEGATIVE. THE DEPARTMENT MAY WISH TO EXAMINE THIS QUESTION AS WELL AS IMPLICATIONS OF THE INFORMATION CONTAINED IN PARA 8 BELOW IN VIEW OF GE-SNECMA ARRANGEMENT (SEE STATE 177979).
END SUMMARY.

2. THE EC COMMISSION ON OCT. 1 PRESENTATED THE EC COUNCIL WITH A DRAFT REGULATION ON THE TARIFF TREATMENT OF CERTAIN PRODUCTS INTENDED FOR USE IN THE CONSTRUCTION, MAINTENANCE AND REPAIR OF AIRCRAFT (COPY SENT TO EUR/RPE, ATTN.: ALBRECHT). THIS DRAFT REGULATION IS AN UPDATING OF THE TARIFF SUSPENSION LISTS ON AIRCRAFT PARTS REPORTED ON IN REFS A AND B (EC REGULATION 2725/72). THAT REGULATION CONTAINED FOUR ANNEXES EACH CONTAINING A LIST OF ITEMS FOR WHICH DUTY WAS SUSPENDED ON AIRCRAFT PRODUCTS. THE ANNEXES DEAL WITH A) PRODUCTS FOR THE CONSTRUCTION OF AIRCRAFT OVER 15 TONS; B) PRODUCTS FOR THE MAINTENANCE AND REPAIR OF AIRCRAFT OVER 15 TONS; C) PRODUCTS FOR THE MAINTENANCE AND REPAIR OF AIRCRAFT AND HELICOPTERS BETWEEN 2 AND 15 TONS AND; D) CERTAIN TIRE CASINGS FOR THE LARGER AIRCRAFT. THE FRENCH TEXT OF THE REGULATION WAS ENCLOSED WITH REF B. (THE ENGLISH LANGUAGE OFFICIAL JOURNAL TEXT CONTAINS ERRORS.)

3. PRODUCTS FOR CONSTRUCTION OF LARGE AIRCRAFT: IN THE NEW DRAFT REGULATION THE LIST OF PRODUCTS FOR AIRCRAFT CONSTRUCTION (NEW ANNEX I WHICH REPLACES OLD ANNEX II) HAS NOT REPEAT NOT BEEN CHANGED EXCEPT FOR SOME PURELY TECHNICAL MODIFICATION BECAUSE THIS LIST DOES NOT EXPIRE UNTIL DECEMBER 31, 1974. HOWEVER, THIS LIST WILL BE UNDER REVIEW IN 1974 AND IT IS LIKELY THAT THERE WILL BE CHANGES MADE ALONG THE LINES OF THOSE DESCRIBED BELOW FOR PRODUCTS INTENDED FOR THE MAINTENANCE AND REPAIR OF AIRCRAFT OVER 15 TONS.
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4. PRODUCTS FOR MAINTENANCE AND REPAIR OF LARGE AIRCRAFT: UNLIKE THE EXISTING REGULATION, THE NEW DRAFT REGULATION'S LIST OF PRODUCTS INTENDED TO BE USED FOR THE MAINTENANCE OR REPAIR OF AIRCRAFT EXCEEDING 15 TONS (NEW ANNEX II WHICH REPLACES OLD ANNEX I) DIVIDES AIRCRAFT INTO TWO CATEGORIES. "CATEGORY A COMPRISES AIRCRAFT OF AN UNLADEN WEIGHT EXCEEDING 15 TONS,

EITHER CONSTRUCTED IN THE COMMUNITY OF A TYPE CERTIFIED BEFORE JANUARY 1, 1974 TOGETHER WITH VERSIONS NOT PRESENTING FUNDAMENTAL MODIFICATION FROM THEM, OR CONSTRUCTED IN THIRD COUNTRIES." "CATEGORY B COMPRISES ALL OTHER AIRCRAFT OF AN UNLADEN WEIGHT EXCEEDING 15 TONS." FOR AIRCRAFT UNDER CATEGORY A THE EXISTING TARIFF SUSPENSIONS ARE MAINTAINED AND IN SOME CASES NEW ITEMS HAVE BEEN ADDED. FOR AIRCRAFT IN CATEGORY B THE TARIFF SUSPENSION IS REMOVED ON SOME ITEMS AND IN A FEW CASES NEW TARIFF SUSPENSION ITEMS ARE ADDED. IN THIS ANNEX AND THE OTHERS THERE HAVE BEEN SOME SLIGHT CHANGES IN EX-OUT ITEM DESCRIPTIONS BETWEEN THE OLD AND NEW LISTS, BUT THE MISSION HAS NOT ATTEMPTED TO INCLUDE THEM IN THIS CABLE. THE DRAFT REGULATION EXPLAINS THAT THIS NEW LIST TAKES INTO ACCOUNT PRODUCTION CAPACITIES OF THE COMMUNITY INDUSTRY WHILE RETAINING CONSIDERABLE FACILITIES FOR USERS OF AIRCRAFT TO OBTAIN SUSPENSION OF COMMON CUSTOMS TARIFF DUTIES WHEN AIRCRAFT ARE NOT OF COMMUNITY MANUFACTURE OR WHEN THEIR CONSTRUCTION HAS REQUIRED LARGE IMPORTS OF THIRD COUNTRY PRODUCTS. IN OTHER CASES (READ FUTURE EUROPEAN AIRCRAFT) DUTY FREE ADMISSION IS LIMITED TO THE STRICT MINIMUM SO AS NOT TO HINDER THE DEVELOPMENT OF THE COMMUNITY AIRCRAFT AND AIRCRAFT PRODUCTS INDUSTRY. IT ALSO NOTES THAT IN THE LIGHT OF ADVANCEING CAPABILITIES OF THE COMMUNITY INDUSTRY THE PERIOD OF APPLICATION OF THE DRAFT REGULATION WILL BE LIMITED TO ONE YEAR SO THAT CONSTANT ADAPTATION OF TARIFF MEASURES CAN BE UNDERTAKEN.

5. THERE FOLLOW THE NEW CXT ITEMS WHICH HAVE BEEN ADDED TO THE TARIFF SUSPENSION LIST FOR CATEGORY A AIRCRAFT:

38.17; 39.02; 40.09; 73.18; 76.02; 76.03; 76.06; 81.04;
83.02; 83.09; 84.10; 84.15; 84.21; (PARTS); 84.22 (PARTS);
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84.53; 84.55; 84.59 (PARTS); 85.01; 85.02; 85.12; 90.08;
90.18; 91.11; 92.13.

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ACTION EUR-25

INFO OCT-01 ISO-00 EURE-00 TAR-02 MC-02 EB-11 COME-00

TRSE-00 L-03 PM-07 NSC-10 SPC-03 SS-20 RSC-01 ACDA-19

STR-08 CIEP-02 CEA-02 OMB-01 CIAE-00 INR-10 NSAE-00

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6. THERE FOLLOW THE NEW CXT ITEMS WHICH HAVE BEEN ADDED

TO THE TARIFF SUSPENSION LIST OFR CATEGORY B AIRCRAFT:

39.02; 40.09; 81.04 (PARTIAL SUSPENSION AT 4PERCENT); 83.02;

83.09 (TUBULAR RIVETS); 84.10 II AND PARTS; 85.02; 92.13.

7. THERE FOLLOW THE CXT ITEMS FOR CATEGORY B AIRCRAFT

WHICH HAVE BEEN REMOVED FROMTHE TARIFF SUSPENSION LIST:

40.14; 68.13; 68.14; 68.16; 73.35; 73.40; 76.07; 76.16;

84.08 (GAS TURBINES); 84.11 II; 84.18 (GAS FILTERS);

84.21; 84.22; 84.59 (SELF STARTERS); 84.62;

84.63 (OTHER); 84.64; 84.65; 85.08 (A OTHER, B. C. D.)

85.14; 85.15 (NOW 8PERCENT DUTY); 85.18; 85.19; 85.20; 85.22

(ENGINE PRESSURE INDICATOR); 85.23; 85.28; 90.14; 90.24;

90.28; 90.29; 91.06.

8. IN NEW ANNEX II THERE IS A FOOTNOTE TO TARIFF

NUMBERS 85.15; 90.14; 90.28 AND 90.29 (COMMUNICATION,

NAVIGATION, MEASURE AND CONTROL INSTRUMENTS) FOR AIRCARFT

IN CATEGORY A MAKING THE OPERATIONAL DATE FOR CERTIFICATION

JANUARY 1, 1973 RATHER THAN JANUARY 1, 1974 AS IT IS

FOR THE REST OF CATEGORY A. THE FOOTNOTE NOW READS

"TYPES" OF AIRCRAFT CERTIFIED FOR THE FIRST TIME IN A

MEMBER STATE OF THE COMMUNITY BEFORE JANUARY 1, 1973.

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ONE CONTACT TELLS US THAT THE FRENCH WOULD LIKE TO

CHANGE THE WORD "TYPE"TO "VERSION". BY DOING THIS

THE FRENCH COULD THUS HAVE 1973 PLANES WITH MODEST

CHANGES IN THE ANNEX III (NUMBER THE SAME IN BOTH VERSIONS)

LIST OF GOODS ADMITTED UNDER PARTIAL OR TOTAL SUSPENSION

FOR MAINTENANCE OR REPAIR OF AIRPLANES OR HELICOPTERS

EXCEEDING 2 TONS BUT NOT EXCEEDING 15 TONS IN RENEWED

ALMOST INTACT. THE MISSION ONOTES THAT THE FOLLOWING CHANGES IN THIS ANNEX ARE: A) TARIFF NUMBER 81.04 HAS NOW A 4PERCENT DUTY; B) TARIFF NUMBER 15.15 TO BE ELIGIBLE FOR PARTIAL SUSPENSION (8PERCENT DUTY) MUST BE INTENDED FOR AIRCRAFT OF TYPES TO BE CERTIFICATED FOR THE FIRST TIME IN A MEMBER STATE OF THE COMMUNITY BEFORE JANUARY 1, 1973.

10. TIRES FOR LARGE AIRCRAFT: THE 1972 REGULATION CONTAINED IN ANNEX IV UNDER WHICH DUTY ON TIRES UNDER THE CCT HEADING 40.11, INTENDED FOR MAINTENANCE OF LARGE AIRCRAFT, WAS SUSPENDED. THE OLD ANNEX IV IS NOT IN THE DRAFT REGULATION AND 40.11 IS FOUND IN NEW ANNEX II BUT WITH FEWER TIRE SIZES.

11. COMMENT: WE HAVE BEEN TOLD THAT THE NEXT MEETING OF THE PERMREP GROUP WORKING ON THE DRAFT REGULATION WILL TAKE PLACE ON NOVEMBER 12. IT WILL BE LIMITED TO A HALF DAY AS THE GENERAL VIEW IS THAT THE DRAFT REGULATION AS IT STANDS WILL BE ACCEPTED BY THE GROUP. THE ONLY OUTSTANDING PROBLEM IS THE FRENCH DESIRE TO CHANGE "TYPE" TO "VERSION" DESCRIBED IN PARA 8 ABOVE. THE MISSION IS NOT IN A POSITION TO DETERMINE IF ON BALANCE THE RESULTS FROM THE US POINT OF VIEW ARE POSITIVE OR NEGATIVE. THE DEPARTMENT MAY WISH TO EXAMINE THIS QUESTION AS WELL AS THE IMPLICATION OF THE INFORMATION CONTAINED IN PARA 8 ABOVE IN VIEW OF THE GE-SNECMA ARRANGEMENT (SEE STATE 177979).
END COMMENT.

12. DEPARTMENT PLEASE REPEAT TO OTHER POSTS AS DESIRED.
HARTMAN

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